

February 20, 2004

Mr. Steven A. Toelle, Director  
Nuclear Regulatory Affairs  
U. S. Enrichment Corporation, Inc.  
6903 Rockledge Drive  
Bethesda, MD 20817-1818

SUBJECT: DRAFT LICENSE FOR THE AMERICAN CENTRIFUGE LEAD CASCADE  
FACILITY - FACTUAL INFORMATION REVIEW (TAC NOS. L31979 SAFETY,  
L31980 ENVIRONMENTAL, AND L31981 SAFEGUARDS)

Dear Mr. Toelle:

We are requesting you to conduct a factual accuracy review of the license conditions contained in the enclosed draft license. By February 23, 2004, i.e., within one business day of the date of this letter, please provide us with any inaccuracies that you may identify in this document. Please note that some of the conditions contained in the enclosed draft license were editorially enhanced and classified and so may not read exactly the same as in the American Centrifuge Leade Cascade Facility safety evaluation report (SER) issued on January 28, 2004, which provides the bases for the conditions. Also, your February 18, 2004, license application revision removed the need for the condition concerning authorization for possessing and using source and byproduct sources discussed in Section 1.2.3D of the SER. In addition, our review of the February 17, 2004, lease agreement between the U.S. Department of Energy and the United States Enrichment Corporation has resulted in the need for including Condition 14. Please reference the assigned TAC numbers (L31979, L31980 and L31981) in any future correspondence associated with this request.

A copy of this letter and the attached draft license are being placed in ADAMS and will be available in the NRC Public Document Room.

If you have any questions regarding this request, please contact Mr. Yawar Faraz at (301) 415-8113.

Sincerely,

**/RA/**

Martin J. Virgilio, Director  
Office of Nuclear Material Safety  
and Safeguards

Docket: 70-7003

Enclosure: Draft License

cc:

Rod Krich, LES

James Curtiss, W&S

William Szymanski, DOE

Dan Minter, SODI

Randall DeVault, DOE

Michael Marriotte, NIRS

Carol O'Claire, Ohio EMA

**MATERIALS LICENSE**

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 36, 39, 40, and 70, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

Licensee		
1. United States Enrichment Corporation, Inc.		3. License Number: SNM-7003
2. 6903 Rockledge Drive Bethesda, MD 20817-1818		4. Expiration Date: See Condition 14
		5. Docket No. 70-7003
6. Source and/or Special Nuclear Material	7. Chemical and/or Physical Form	8. Maximum amount that Licensee May Possess at Any One Time Under This License
A. Uranium (natural and depleted) and daughter products	A.1 Physical: Solid and Gas	A. 250 kg UF <sub>6</sub>
	A.2 Chemical: UF <sub>6</sub> , UF <sub>4</sub> , UO <sub>2</sub> F <sub>2</sub> , oxides and other compounds	
B. Uranium enriched in isotope U-235 up to 10% by weight and uranium daughters	B.1 Physical: Solid and Gas	B. 700 g U-235
	B.2 Chemical: UF <sub>6</sub> , UF <sub>4</sub> , UO <sub>2</sub> F <sub>2</sub> , oxides, metal and other compounds	
C. Plutonium	C.1 Sealed Sources	C.1 0.5 Ci
	C.2 Sealed glass ampules	C.2 3.0 Ci
9. Authorized place of use: American Centrifuge Lead Cascade Facility, located at the Portsmouth Gaseous Diffusion Plant site in Piketon, Ohio.		
10. The licensee shall conduct authorized activities at the American Centrifuge Lead Cascade Facility in accordance with the statements, representations, and conditions in:		
a. License Application dated February 11, 2003, as revised by letters dated November 6, 2003, January 6, 2004, January 20, 2004, and February 18, 2004		
b. Withheld information from License Application dated November 6, 2003		
c. Environmental Report dated February 11, 2003, as revised by letters dated November 6, 2003, and January 20, 2004		
d. Withheld information from Environmental Report dated February 11, 2003, as revised by letter dated		

**MATERIALS LICENSE  
SUPPLEMENTARY SHEET**License Number  
SNM-7003Docket or Reference Number  
70-7003

November 6, 2003

- e. Decommissioning Funding Plan (non-proprietary) dated November 6, 2003
  - f. Decommissioning Funding Plan's Proprietary Tables dated November 3, 2003
  - g. Security Program dated November 3, 2003, as revised by letters dated December 4, 2003, and January 6, 2004
  - h. Fundamental Nuclear Material Control Plan dated November 3, 2003
  - i. Quality Assurance Plan dated June 18, 2003
11. Introduction of UF<sub>6</sub> in the American Centrifuge Lead Cascade Facility shall not occur until the Commission completes an operational readiness and management measures verification review to verify that management measures that ensure compliance with the performance requirements of 10 CFR 70.61 have been implemented and confirms that the facility has been constructed and will be operated safely and in accordance with the requirements of the license. The United States Enrichment Corporation Inc. shall provide the Commission with 60 days advance notice of its plan to introduce UF<sub>6</sub> in the American Centrifuge Lead Cascade Facility.
12. The United States Enrichment Corporation Inc. is hereby granted the special authorizations and exemptions identified in Chapter 1, Section 1.2.3.E of the American Centrifuge Lead Cascade Facility Safety Evaluation Report, dated January 2004.
13. The Portsmouth Gaseous Diffusion Plant Emergency Plan shall be revised to appropriately address the American Centrifuge Lead Cascade Facility and the Emergency Plan Implementing Procedures encompassing these topics shall be implemented at least 120 days prior to the introduction of UF<sub>6</sub> in the American Centrifuge Lead Cascade Facility.
14. This license will expire on the earlier of February XX, 2009, or the date on which the February 17, 2004, Agreement between the U.S. Department of Energy and the United States Enrichment Corporation Concerning the Temporary Lease of Certain Facilities in Support of the American Centrifuge Program, expires, terminates, or is otherwise revoked or relinquished.
15. The licensee shall not introduce UF<sub>6</sub> in the American Centrifuge Lead Cascade Facility until the decommissioning funding mechanism has been accepted by the NRC and executed by the licensee. In addition, no later than every three years the licensee shall update the Decommissioning Funding Plan and provide it to the NRC for review.

FOR THE NUCLEAR REGULATORY COMMISSION

Date: \_\_\_\_\_

By: **Draft-Not for Signature**

Joseph G. Giitter  
Special Projects and Inspection Branch  
Division of Fuel Cycle Safety and Safeguards  
U.S. Nuclear Regulatory Commission  
Washington, DC 20555-0001